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CITY CLERK

July 18, 1978

Jack Lesiter, Head Librarian
Institute of Governmental Studies
109 Moses Hall
University of California
Berkeley, Ca. 94720

Dear Mr. Leister:

I have prepared two memorandums to the City Council regarding the effect of Proposition 13 on the City of Anderson's budget as a result of Proposition 13. These are enclosed for your information.

Sincerely,

Murl M. Fritschle
MURL M. FRITSCHLE
City Manager

MMF:sl

CITY OF ANDERSON
MEMORANDUM

TO: City Council

DATE: May 26, 1978

FROM: City Manager

FILE:

SUBJECT: Follow up on effects of Proposition 13.

Attached is my memorandum to you dated April 11, 1978, entitled, "Projected Revenues for Fiscal Year 1978-79." Some additional information is provided for your consideration.

I came up with a projected loss in revenue of $184,790 for the General Fund. To reduce our budget by this amount the following "shopping list" of General Fund cuts should be considered:

ELIMINATE ALL

	Item	Savings
1.	Travel and meeting expenses	$ 7,800
2.	Subscriptions	110
3.	Dues and memberships	4,865
4.	Community promotions	7,100
5.	Emergency services	1,000
6.	Animal regulations	4,850
7.	Police holiday pay	7,000
8.	Council salaries	3,300
9.	Reduce all salaries by 5 percent	27,065
10.	Freeze all salaries as of July 1, 1978	4,500
11.	Eliminate one planning position and pick it up under Anti-recession	15,350
12.	Cut all projects out of Revenue Sharing, except vital ones - and use balance for salaries. (1)	71,000
13.	Turn out 60 percent of all street lights	15,600

14.	Reduce recreation programs to a "Pay-as-you-go plan - cut all subsidies from General Fund	17,000
15.	Cut park maintenance from $50,000 to $30,887 (Fees and tax revenue)	19,113
16.	Reduce city positions from 44 to 42	30,000

You will notice that some of the above items are overlapping, so we will have to choose carefully to ensure that we don't count a "savings" twice. If we have to work some of the above cuts into our 1978-79 budget, we should start our budget sessions as soon after June 6th as possible.

Respectfully submitted,

Murl M. Fritschle

MURL M. FRITSCHLE

(1) Proposed items to be included in Revenue Sharing:

Equipment for public works	17,700
Herman Ruth fee study	6,300
Three automobiles - incl. two Public Works radios	21,000
Lease purchase on accounting equipment	20,000
Beautification on Hwy 273	10,000
Anti-infiltration work (sewers)	10,000
Blue print machine	1,500
Transit for Eng. Dept.	3,500
	$90,000

(Est. money available for 1978-79 is $161,000)

CITY OF ANDERSON
MEMORANDUM

TO: City Council DATE: April 11, 1978

FROM: City Manager FILE:

SUBJECT: Projected Revenues for Fiscal Year 1978-79.

I am using a rough estimate of $1,420,850 as the amount of money needed to fund our City operation (except sewer and water) for the 1978-79 fiscal year. This is $167,556 less than the 1977-78 fiscal year budget. The greatest decreases from last year to this year are in Gas Tax Construction, County Transportation Fund and park acquisition and development budgets.

If the Jarvis-Gann initiative does not pass, our assessed valuation will be up about 15% over last year, however, if it does pass, our assessed valuation will revert back to about the 1976-77 amount, or a decrease of 13% from the 1977-78 assessed valuation figure.

Below is a summary of our projected revenues showing what will happen if the Jarvis-Gann initiative passes and if there is no replacement of revenue by the State.

GENERAL FUND OPERATING BUDGET
Revenues

	Without Jarvis-Gann	With Jarvis-Gann
Property Taxes	238,169	70,988
Taxes other than property	312,500	312,500
License & Permits	49,000	49,000
Fines, Forfeits & Penalties	23,400	23,400
Use of Money & Property	5,000	5,000
Revenues from other sources	102,664	102,644
Recreation Director Fees	29,348	11,739
Anti-Recession	45,000	45,000
State Homeowners Prop. Tax Relief	53,000	53,000
State Bus. Inventory Tax Relief	9,000	9,000
Charges for Current Services	20,747	20,747
Other Revenue	32,350	32,350
	$920,178	$735,388

With Jarvis-Gann loss in General Fund Revenue = $184,790 or 20%

Special Funds Budget Revenues

	Without Jarvis-Gann	With Jarvis-Gann
Property taxes (WPC Bond)	81,106	60,423
Gas Tax 2106	35,692	35,692
Gas Tax 2107	28,449	28,449
County Trans. Fund	100,000	100,000
Title III Program	32,142	32,142
CETA	100,000	100,000
Revenue Sharing	88,000	61,600
	$465,389	$416,306 *

* (Estimate 30% Loss)

With Jarvin/Gann - Loss in Special Fund Revenues = $47,083 or 10%

The sections of our budget that would be directly affected by the Jarvis/Gann initiative are those which are financed mainly by a tax levy. These are listed below with the comparative income shown for each.

	Without Jarvis-Gann	With Jarvis-Gann
Street Lighting	27,035	8,056
Park Maintenance	38,622	11,509
Retirement	34,760	10,358
Drainage	9,012	2,685
Recreation (Schools)	29,348	11,739

There are different ways of balancing our budget if the Jarvis/Gann initiative passes.

1. We could simply reduce each of the above functions to stay within the projected revenues. Some problems arise if we do this that may cause more serious problems. For instance, if we turn out enough street lights so we stay within the $8,056 revenue figure, we can expect a dramatic rise in demand for more police protection. We have a legal obligation to maintain our retirement plan at its present level. The recreation program would be limited to the self supporting activities.

2. All city services could be cut back enough to balance the budget. This may require the elimination of some positions, since salaries account for about 75% of our total operating budget.

3. Certain services may be cut out completely. This would also be difficult to do, as we aren't providing very many non-essential services now. Different people will have different ideas on what service might be expendable. In any case this would cause us to eliminate some positions.

4. We might be able to make up the $184,790 imbalance in the General Fund by an overall tightening up of expenditures. This might cover such things as eliminating all travel, long distance calls, community promotions and elections. Reduce park maintenance, animal control and recreation. At best, this could amount to a reduction of $30,000 to $35,000. The other $150,000 might have to be made up by a reduction of 15% to 20% in all salaries.

I hope we don't have to choose one of the above options, as I don't like any of them.

One last comment needs to be made on how the Jarvis/Gann initiative will affect our Five Year Capital Improvement Plan. Many of our projects are designed to use Drainage Tax revenue, Revenue Sharing and General Obligation Bonds. These sources of revenue will all be affected if the Jarvis/Gann initiative passes. The plan would have to be redone.

Respectfully,

Murl M. Fritschle

MURL M. FRITSCHLE